



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Retirement Note

Short Title: Special Sep. Allowance/Alamance Cty DOs.
Bill Number: House Bill 445 (First Edition)
Sponsor(s): Representatives Riddell and Ross

SUMMARY TABLE

ACTUARIAL IMPACT OF H.B. 445, V.1 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Local Impact					
Alamance County	- to -	\$14 to \$14	\$21 to \$47	\$21 to \$54	\$21 to \$53
NET LOCAL IMPACT	- to -	\$14 to \$14	\$21 to \$47	\$21 to \$54	\$21 to \$53

ACTUARIAL IMPACT SUMMARY

Systems Affected: Special Separation Allowances paid by Alamance County

House Bill 445 (First Edition) establishes a temporary special separation allowance benefit for detention officers who retire from Alamance County. The bill is effective when it becomes law and expires June 30, 2022. Special separation allowances are currently only payable to law enforcement officers. Cavanaugh Macdonald, the actuary for the retirement systems, and Hartman & Associates, the actuary for the General Assembly, estimate that the bill will increase payments from Alamance County by the following amounts:

<u>Year</u>	<u>Cavanaugh Macdonald</u>	<u>Hartman & Associates</u>
2020	\$ 0	\$ 402
2021	14,000	14,244
2022	21,000	47,441
2023	21,000	53,982
2024	21,000	53,375
2025	21,000	52,553
2026	21,000	51,954
2027	21,000	49,879
2028	21,000	46,783

Both actuaries assumed that payments would continue past June 30, 2022 to those who retired prior to that date, but that no one who retired after that date would be eligible.

ASSUMPTIONS AND METHODOLOGY

The cost estimates of the actuaries are based on the employee data and actuarial assumptions used to prepare the December 31, 2017 actuarial valuation for the Local Governmental Employees' Retirement System (LGERS). The actuaries also received a data file listing Alamance County detention officers since January 2018. That file contained a total of 145 individuals, 96 of whom were in the December 31, 2017 LGERS valuation file and 119 of whom are currently employed by Alamance County.

Benefit Provisions – Special Separation Allowance	
Formula	0.85% x Service x Base Compensation
Unreduced retirement age/service	Any/30; 55/15
Payable until	Age 62
Employee contribution (as % of pay)	0%

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Cavanaugh Macdonald Consulting, LLC, "Special Separation Allowance/Alamance County DOs– House Bill 445", April 11, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

Hartman & Associates, LLC, "House Bill 445: An Act to Allow Alamance County Detention Officers to Receive a Special Separation Allowance", April 11, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

LEGISLATIVE ACTUARIAL NOTE – PURPOSE AND LIMITATIONS

This document is an official actuarial analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described above. This document only addresses sections of the bill that have projected direct actuarial impacts on State or local government retirement systems and does not address sections that have no projected actuarial impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

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Signed copy located in the NCGA Principal Clerk's Offices